

Grantee: Kent County, MI

Grant: B-08-UN-26-0002

October 1, 2012 thru December 31, 2012 Performance Report



Grant Number:

B-08-UN-26-0002

Obligation Date:

03/19/2009

Award Date:**Grantee Name:**

Kent County, MI

Contract End Date:

03/19/2013

Review by HUD:

Submitted - Await for Review

Grant Amount:

\$3,912,796.00

Grant Status:

Active

QPR Contact:

No QPR Contact Found

Estimated PI/RL Funds:

\$1,654,547.34

Total Budget:

\$5,567,343.34

Disasters:

Declaration Number

NSP

Narratives

Areas of Greatest Need:

The tracts were rated from 1-10 in the Estimated Foreclosure Abandonment Risk Score (FARS) data, with 1 representing the lowest risk and 10 the greatest. 356 block groups are represented and scored in the data with a median score of 4. Scores greater than 5 indicate areas where the abandonment risk is greatest, exceeding the median as represented at Attachment 1, Estimated Foreclosure Abandonment Risk Score. Of the 356 block groups reported, 112 (or 31%) had FARS scores greater than 5, indicating increased risk. These areas are in the cities of Wyoming, Grandville, Kentwood, and Byron, Plainfield and Gaines Townships. Other communities scored above the median but when comparing per capita foreclosures they do not represent a density of properties where it is felt NSP could have as great an impact. This data is at Exhibit A (Kent County Target Areas).

NSP development will work within the boundaries of these areas as they represent the areas at greatest risk of further neighborhood decline from foreclosed and abandoned homes. Directing projects to these areas is part of a strategic approach the County is taking to limit the decline of neighborhoods due to continuing foreclosure trends. Predicted 18 month Underlying Foreclosure Rates &ndasha large percentage of tracts within the strategic areas identified by FARS are at high risk of increased foreclosure over the next 18 months. The 356 tracts in Kent County were scored from 1 to 10. The median score is 4.3 with 6 indicating a high likelihood of continued deterioration. These tracts are charted in Attachment 2 (labeled 18 Month Problem Foreclosure Rate). This predicted underlying problem foreclosure rate analysis combined with FARS supports the identification of areas of greatest need to include the cities of Wyoming, Grandville, Kentwood, and Byron, Plainfield and Gaines Townships. The areas are mapped at Exhibit A, Predicted 18 Month Foreclosure Rate. As with the FARS data, other areas in the County show percentage scores above 6% but when considering actual numbers of parcels at risk of foreclosure it is felt best to limit investment to the listed communities to have the greatest impact with limited funding.

Total Foreclosure as a Percent of Total Parcels from foreclosure information provided by CRI of the Johnson Center at GVSU. They assembled the data from multiple sources including Kent County Equalization and Treasurer's offices. Block group level analysis of areas with the highest percentages of foreclosures per number of parcels identified areas of concern. Each area had a percentage of foreclosures exceeding the County rate of 4.5% and together include over 2100 foreclosed parcels. Few areas in the county are not grossly affected by foreclosures as demonstrated in these sets of data. The greatest stabilization of neighborhoods can be achieved in more densely developed areas where the proximity of foreclosed properties to each other is most likely to impact a larger number of other parcels.

While recognizing there is as great an existing problem in the more rural parts of the county we will concentrate our stabilization efforts in the more urban, more densely developed areas identified in each of the three data sets discussed above. Three cities, Wyoming, Kentwood and Grandville as well as Gaines and Plainfield Townships have been identified as areas of great need. In an effort to concentrate NSP funds County staff considered the evaluation of the three categories listed above. Broad geography has been identified showing the areas where total foreclosure percentages, 18 month underlying problem areas and FARS scores overlap and is included on the map at Exhibit A. This area is limited to Gaines and Plainfield Townships and the cities of Wyoming, Kentwood, and Grandville. NSP funded activities will be concentrated in these areas and limited to eligible neighborhoods where the impact of the redevelopment and resale of foreclosed and abandoned properties will be the greatest.

Distribution and and Uses of Funds:

As required by Section 2301(c)(2) of HERA, the County is required to direct funding to areas of greatest need as defined by:

- Areas with the greatest percentage of home foreclosures
- Areas with the highest percentage of homes financed with a subprime mortgage related loan
- Areas identified as likely to face a significant rise in the rate of foreclosures.

The county will ensure 100% of NSP funds will benefit individuals and households with incomes at or below 120% of the area median income (AMI). Additionally, at least 25% of NSP funds will benefit individuals and households with incomes at or below 50% of the area median



income. In order to meet these goals, the county proposes to allocate funding under the following general categories:

1. Purchase with rehabilitation of abandoned foreclosed homes for resale to individuals and families earning at or less than 120% area median income. The county will expend 71.1% of NSP funds in this eligible category of purchasing and rehabilitating foreclosed upon homes. Sale to individuals and households will be on affordable terms using soft second mortgages. Twenty two percent of funds in this category will be expended to provide homeownership opportunities for individuals and households earning 50% or less of AMI in order to meet the income targeting requirement of HERA. Additionally, all home purchasers will be required to attend a minimum of 8 hours of pre-purchase homeowner education in order to give them the knowledge and skills necessary to make them successful homeowners.
2. Purchase with rehabilitation abandoned and foreclosed multi-unit properties to provide affordable rental units. The county will invest 18.4% of NSP funds in this eligible category to purchase and rehabilitate apartment units in order to provide affordable rental units to individuals and households earning at or below 50% AMI. The County will expend 10% of NSP funds in this eligible category Kent County has significant numbers of foreclosed properties concentrated in the identified areas of greatest need. Partnering with existing experienced non-profit developers, the County will strategically target neighborhoods experiencing decline due to the proximity of abandoned foreclosed properties. The County will direct existing programs and funding to further this strategic targeting, when possible. Such programs include the HOME Investment Partnership Program for mortgage leveraging where appropriate and CDBG for infrastructure investment when called for. Additionally the County will ensure our development partners provide additional services to NSP beneficiaries of other social service programs so those resources enhance family and housing stability. Energy assistance, Earned Income Tax Credit education, tax preparation and county health services are among the offerings available. Funds from this category will be provided to support the establishment of a Kent County and Bank Authority as described above. The County will monitor program income and will reallocate it on eligible NSP projects. A minimum of 25% of program income will be expended on projects benefiting individuals and households earning at or below 50% AMI.

Definitions and Descriptions:

(1) Definition of blighted structure in context of state or local law.

Response: A blighted property is a blighted/abandoned/uninhabitable property that meets any of the following criteria as defined

- a) Declared a public nuisance in accocal housing, building, plumbing, fire, or other related code or ordinance.
- b) Attractive nuisance because of physical condition or use.
- c) Fire hazard or is otherwise dangerous to the safety of persons or property.
- d) Has had utilities, plumbing, heating, or sewerage disconnected, destroyed, removed, or rendered ineffective for a period of 1 year or more so that the property is unfit for its intended use
- e) The property is tax reverted property owned by a municipality, by a county, or by this state. The sale, lease, or transfer of tax reverted property by a municipality, a county, or this state shall not result in the loss to the property of eligibility for any project authorized under this act for the rehabilitation of a blighted area, platting authorized under this act, or tax relief or assistance, including financial assistance, authorized under this act or any other act.
- f) The property is owned or is under the control of a land bank fast track authority under the land bank fast track act, 2003 PA 258, MCL 124.751 to 124.774. The sale, lease, or transfer of the property by a land bank fast track authority shall not result in the loss to the property of eligibility for any project authorized under this act for the rehabilitation of a blighted area, platting authorized under this act, or tax relief or assistance, including financial assistance, authorized under this act or any other act.
- g) The property is improved real property that has remained vacant for 5 consecutive years and that is not maintained in accordance with applicable local housing or property maintenance codes or ordinances.
- h) The property has code violations posing a severe and immediate health or safety threat and has not been substantially rehabilitated within 1 year after the receipt of notice to rehabilitate from appropriate code enforcement agency or final determination of any appeal, whichever is later.

(2) Definition of affordable rents. Note: Grantees may use the definition they have adopted for their CDBG program but should review their existing definition to ensure compliance with NSP program –specific requirements such as continued affordability.

Response: Affordable rents will follow the HOME program standards at 24 CFR 92.252 (a), (c), (e), and (f). Namely, the maximum rents will not exceed 30 percent of the family's adjusted income. If the unit receives federal or state project-based rental subsidies and the very-low income family pays a contribution toward rent not more than 30 percent of the family's adjusted income, then the maximum rent (i.e. tenant contribution plus project based rental subsidy) is the rent allowable under the Kent County Housing Commission section 8 Housing Choice Voucher Program.

(3) Describe how the grantee will ensure continued affordability for NSP assisted housing.

Response: The Kent County Community Development Department will ensure continued affordability by utilizing the following tools:

A. Minimum Affordability Period: The NSP assisted housing will meet at minimum HOME affordability requirements for not less than the applicable period. Units assisted with NSP dollars of \$15,000 or less are subject to a 5 year affordability period. Units with \$15,000 to \$40,000 of NSP assistance are subject to a 10 year affordability period and over \$40,000 are subject to a 15 year affordability period if affordability period is not met.

B. Lease to Purchase: The program would transfer ownership of homes rehabilitated with NSP funds to sub recipients who will operate a lease to purchase program. Rents would be required to conform to the requirements for affordable rents defined above. When the tenant is able to buy the home, continued affordability would be provided pursuant to either a deed restriction program, or through a shared appreciation loan. The term of affordability will be defined as above based on total NSP investment in the activity.

C. Documentation of Income-Eligibility The Kent County Community Development Department will ensure continued affordability for NSP assisted housing by requiring documentation of income-eligibility upon sale or initial occupancy through the following mechanism: 1) For homeownership: recording a notice of affordability restrictions and a regulatory agreement requiring any resale of property to be to another income-qualified buyer for an affordable housing cost; and 2) For rental: require the property manager or owner, as the case may be, to recertify that residents's incomes still qualify on an annual basis.

D. Energy Efficiency: A home energy analysis will be conducted before and after renovation. Kent County Community Development will require that there is a minimum of 10 percent reduction in CFM units as evidenced by pre and post-rehab blower door tests. Kent county Community Development Department will require that renovations strive to meet Energy Star Standards.

(4) Describe housing rehabilitation standards that will apply to NSP assisted activities.

Response: Kent County will require that all NSP funded activities be completed to comply with the Michigan Residential Code in effect at the time of the rehab activity as well as all local codes in effect in the community where the activity is performed. In addition all NSP funded activities will improve energy efficiency as evidenced by a 10% increase in performance as measured by pre and post construction blower

door tests and HERS.

Low Income Targeting:

Identify the estimated amount of funds appropriated or otherwise made available under the NSP to be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50 percent of area median income: \$979,000. Note: At least 25% of funds must be used for housing individuals and families whose incomes do not exceed 50 percent of area median income.

Response: Kent County will use at least 25% of NSP funds to house individuals and families whose incomes do not exceed 50% of area median income. Experienced non-profit multi-family housing developers have indicated their willingness to purchase and rehab multi-unit residential properties which will provide affordable rental units. Their expertise will allow Kent County to invest in rental housing development at minimal costs. Management of completed units will be transferred to Community Rebuilders, an established organization whose mission is to provide safe rental units to customers at or below fair market value. Households not qualifying for conventional financing or who do not wish to purchase may rent the redeveloped properties. Limited subsidies may be made available for rental assistance from already funded sources allowing continued affordability. In addition to developing affordable rental units, the County anticipates rehabilitation of at least two single family units for purchase by households earning less than 50% of AMI. Affordability will be assured for these homeowners by only requiring the buyers to finance within their means. Affordable mortgages are defined as those requiring no more than 32% of household income to cover payments of principle, interest, taxes and insurance. NSP funds or alternative funds such as HOME may be left in the development of the unit to finance the gap between value and affordable mortgage if necessary. These funds will be monitored under the HOME affordability requirements at §24 CFR 92.254.

Acquisition and Relocation:

Indicate whether grantee intends to demolish or convert any low- and moderate-income dwelling units (i.e., ≤ 80% of area median income). If so, include: The number of low- and moderate-income dwelling units — i.e., ≤ 80% of area median income — reasonably expected to be demolished or converted as a direct result of NSP-assisted activities. The number of NSP affordable housing units made available to low-, moderate-, and middle-income households — i.e., ≤ 120% of area median income — reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion). The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.

Response: Drive by inventory of neighborhoods in the areas of greatest need lead us to believe demolition or conversion of dwelling units is not a priority. Existing inventories of abandoned properties lead us to believe funds will best be utilized through acquisition and rehab.

Public Comment:

Provide a summary of public comments received to the proposed NSP Substantial Amendment.

Response: The draft Substantial Amendment to the Annual Action Plan was posted on the Kent County web site:

(<http://www.accesskent.com/YourGovernment/Departments/CommunityDevelopment/CommunityDevelopment.htm>) on November 7, 2008, and included a link for posting comments directly from the site as directed by HUD staff and at HUD sponsored trainings in Washington and Cleveland. The public comment period formally closed on November 31, 2008, but this is still an active link. Notice of the posting was also advertised in the Grand Rapids Press to ensure public knowledge of the comment period.

Public comments received in response to posting and advertising of the draft Substantial Amendment to the Annual Action Plan included the following observations:

-- Energy efficiency would be best measured by using blower door testing and HERS pre and post rehab and establishing a baseline with a percentage improvement required.

The recommendation had already been included in the application.

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$5,544,598.24
Total Budget	\$931,151.04	\$5,544,598.24
Total Obligated	\$195,552.37	\$5,543,417.84
Total Funds Drawdown	\$20,692.47	\$5,203,682.81
Program Funds Drawdown	\$20,692.47	\$3,548,135.47
Program Income Drawdown	\$0.00	\$1,655,547.34
Program Income Received	\$0.00	\$1,655,547.34
Total Funds Expended	\$12,994.13	\$5,197,329.43
Match Contributed	\$0.00	\$0.00



Progress Toward Required Numeric Targets

Requirement	Required	To Date
Overall Benefit Percentage (Projected)		0.00%
Overall Benefit Percentage (Actual)		0.00%
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$586,919.40	\$0.00
Limit on Admin/Planning	\$391,279.60	\$465,455.42
Limit on State Admin	\$0.00	\$465,455.42

Progress Toward Activity Type Targets

Progress Toward National Objective Targets

National Objective	Target	Actual
NSP Only - LH - 25% Set-Aside	\$978,199.00	\$1,474,812.75

Overall Progress Narrative:

In October a revision was made to the Action Plan to obligate the remaining \$195,552.37 for the Activity 14B NSP Set-aside Rental Rehab. The rehabilitation work began on the four unit permanent rental at 1736 Godfrey this quarter. This project will be funded by both the NSP and HOME grants. The lease to purchase property at 2187 Highlander is still pending. Administration costs for this quarter include meeting with the developer, ensuring compliance with the combination of HOME and NSP for the Godfrey project, monitoring the rehabilitation and documentation required and site visits to the property.

Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
001 NSP Admin, Administration	\$11,038.78	\$599,530.46	\$220,052.15
005 NSP Acq for Rental, Acquisition for Rental 50	\$0.00	\$364,508.62	\$232,194.87
007 NSP Rental Rehab, NSP Rental Rehab	\$9,653.69	\$702,206.42	\$205,156.35
009 ACQ SF, ACQ-Homebuyer	\$0.00	\$2,049,310.42	\$1,751,989.53
011 NSP Rehab for Homeownership, Rehab for Homeownership	\$0.00	\$1,829,042.32	\$1,138,742.57
013 Homebuyer Assistance, Homebuyer Assistance	\$0.00	\$0.00	\$0.00
9999, Restricted Balance	\$0.00	\$0.00	\$0.00

Activities

Grantee Activity Number: 14B NSP Set-aside Rental Rehab

Activity Title: NSP Rental Rehab ADR50

Activity Category:

Rehabilitation/reconstruction of residential structures

Project Number:

007 NSP Rental Rehab

Projected Start Date:

02/13/2009

Benefit Type:

Direct Benefit (Households)

National Objective:

NSP Only - LH - 25% Set-Aside

Activity Status:

Under Way

Project Title:

NSP Rental Rehab

Projected End Date:

06/30/2013

Completed Activity Actual End Date:

Responsible Organization:

Lighthouse Communities, Inc.

Overall

Total Projected Budget from All Sources

Oct 1 thru Dec 31, 2012

N/A

To Date

\$702,206.42

Total Budget

\$0.00

\$702,206.42

Total Obligated

\$195,552.37

\$702,206.42

Total Funds Drawdown

\$9,653.69

\$496,546.43

Program Funds Drawdown

\$9,653.69

\$205,156.35

Program Income Drawdown

\$0.00

\$291,390.08

Program Income Received

\$0.00

\$0.00

Total Funds Expended

\$9,653.69

\$502,651.42

Lighthouse Communities, Inc.

\$9,653.69

\$502,651.42

Match Contributed

\$0.00

\$0.00

Activity Description:

Developer will seek one-, two- and four-unit foreclosed rental properties for consideration under the Kent County NSP. Rental units will be made affordable to households at 50% Area Median Income or less. All units will be brought up to code, receive extensive energy efficiency improvements and marketability upgrades.

Location Description:

Activities will be restricted to target area identified in Section 1, A and B. Kent County will partner with experienced non-profit developers in these areas that meet NSP objectives and redevelop those areas where continuing foreclosures are deteriorating the quality of neighborhoods.

Activity Progress Narrative:

Rehabilitation began this quarter on the four unit permanent rental at 1736 Godfrey. This project is being funded by NSP and HOME and we will track all expenses separately and ensure compliance for each program. NSP staff met with the Developer, General Contractor and all sub-contractors at the property for a pre-construction meeting in November. Accomplishments during this quarter include: lead and asbestos clearing and clean up, demolition of interior walls, ceiling and plaster, concrete work and beginning rough in work. Total expenses for this quarter were \$9,653.69.

Accomplishments Performance Measures

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Properties	0	7/11
#Energy Star Replacement Windows	0	50/50
#Additional Attic/Roof Insulation	0	7/11
#Efficient AC added/replaced	0	6/11
#Replaced thermostats	0	7/11
#Replaced hot water heaters	0	7/11
#Light Fixtures (indoors) replaced	0	40/40
#Light fixtures (outdoors) replaced	0	20/20
#Refrigerators replaced	0	7/11
#Dishwashers replaced	0	6/11
#Low flow toilets	0	7/11
#Low flow showerheads	0	7/11
# ELI Households (0-30% AMI)	0	0/0

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Housing Units	0	7/11
# of Singlefamily Units	0	7/11

Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod%
# of Households	0	0	0	6/11	0/0	6/11	100.00
# Renter Households	0	0	0	6/11	0/0	6/11	100.00

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	

Grantee Activity Number:	Admin
Activity Title:	Admin

Activity Category:

Administration

Project Number:

001 NSP Admin

Projected Start Date:

02/13/2009

Benefit Type:

N/A

National Objective:

N/A

Activity Status:

Under Way

Project Title:

Administration

Projected End Date:

07/31/2013

Completed Activity Actual End Date:
Responsible Organization:

Kent County Community Development Department

Overall
Total Projected Budget from All Sources
Oct 1 thru Dec 31, 2012

N/A

To Date

\$599,530.46

Total Budget

\$0.00

\$599,530.46

Total Obligated

\$0.00

\$599,530.46

Total Funds Drawdown

\$11,038.78

\$465,455.42

Program Funds Drawdown

\$11,038.78

\$220,052.15

Program Income Drawdown

\$0.00

\$245,403.27

Program Income Received

\$0.00

\$0.00

Total Funds Expended

\$3,340.44

\$459,102.04

Kent County Community Development Department

\$3,340.44

\$459,102.04

Match Contributed

\$0.00

\$0.00

Activity Description:

General program administrative funding

Location Description:

82 Ionia Ave NW, Suite 390, Grand Rapids, MI 49503-3036

Activity Progress Narrative:

In October draws were made to cover July/August/September administration expenses in the amount of \$7,698.34. These were corrections to payroll and amount to draw were not available until October. Total expenses drawn for administrative costs for this quarter total \$3,340.44. Administration costs for this quarter include meeting with the developer, ensuring compliance with the combination of HOME and NSP for the Godfrey project, monitoring the rehabilitation and documentation required and site visits to the property. Ongoing monitoring of the rental units and budget and file reviews were also worked on this quarter.

Accomplishments Performance Measures

No Accomplishments Performance Measures found.

Beneficiaries Performance Measures

No Beneficiaries Performance Measures found.

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

Monitoring, Audit, and Technical Assistance

Event Type	This Report Period	To Date
Monitoring, Audits, and Technical Assistance	0	4
Monitoring Visits	0	3
Audit Visits	0	0
Technical Assistance Visits	0	0
Monitoring/Technical Assistance Visits	0	1
Report/Letter Issued	0	4